

RESEARCH TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To induce existing businesses to increase their research efforts in Missouri by offering tax credits.

AUTHORIZATION

Chapter 620.1039.1 to 620.1039.4 RSMo Supp. 1998.

HOW THE PROGRAM WORKS

The Department of Economic Development (DED) will issue a state income tax credit to an individual, partnership or corporation who conducts qualified research in the state.

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Any individual, partnership, or corporation may claim a tax credit up to six and one-half percent (6½ %) of qualified research expenses incurred in Missouri during any tax period after December 31, 1993.

ELIGIBLE USE OF TAX CREDITS

Tax credits may be used to offset the state tax liability incurred, pursuant to Chapter 143 RSMo, that becomes due in the year during which such qualified research expenses were incurred. The portion of tax credits not used during the initial tax period may be carried forward for the next five succeeding taxable years.

Qualified Research Expense tax credits may not be transferred or sold.

APPLICATION PROCEDURE

A qualifying business is required to file Missouri Form 620-1039, "Research Tax Credit

Application," to the DED for approval and certification.

The application for claiming research expense tax credits must be filed during the taxpayer's tax period immediately following the tax period for which such credits are being claimed in order to have the credits certified.

APPROVAL METHOD

Applications are reviewed in order of submission. DED will issue a tax credit certificate authorizing the applicant to claim the tax credits.

FUNDING LIMITS

The total of all tax credits authorized shall not exceed \$10 million in any taxable year.

SPECIAL PROGRAM REQUIREMENTS

The research expenses for the current year must exceed the average amount of qualified research expenses incurred in Missouri during the preceding three taxable periods. The amount of qualified research expenses for which tax credits shall apply, may not exceed 200% of the taxpayer's average qualified research expenses incurred during the three-year period immediately prior to the tax period the credits are being claimed.

CONTACT

MO Department of Economic Development
Office of Business Finance
301 W. High Street, PO Box 118
Jefferson City, MO 65102
Phone: 573-751-0295
Fax: 573-751-7384

OTHER SERVICES OF DED

e-mail at missouri@mail.state.mo.us. or visit:
www.ecodev.state.mo.us/intermark.

DED REGIONAL OFFICES

St. Louis (314) 340-6823
Kansas City (816) 889-2900
Trenton (660) 359-5960
Springfield (417) 888-4001
Moberly (660)-269-8802
Dexter (573) 624-9950
Houston (417) 967-5770
Jefferson City (573) 751-0482

RELAY MISSOURI SERVICE

Voice user calling a hearing/speech impaired user:
800-735-2466.
Hearing/Speech impaired user calling a voice user:
800-735-2966.

EMPLOYMENT ASSISTANCE

DED's Division of Workforce Development works in collaboration with its one-stop career system partners to offer workforce development assistance to job seekers and employers. By using the State's network of one-stop career centers, customers can access America's Job Bank, seek referral and placement assistance, career counseling and testing, labor market information and use Missouri WORKS!, an Internet based, self-service workforce development tool. To find your nearest Division of Workforce Development location, consult your telephone directory under State Government or visit
<http://www.ecodev.state.mo.us/wfd>

MISSOURI MARKETPLACE

Information on thousands of Missouri-made products and services designed to encourage both in-state and out-of-state businesses and consumers to buy Missouri-made products. Registration is free and open to any Missouri-based company. To search the database or register your company, visit: <http://www.missourimarketplace.org>

INTERNATIONAL MARKETING

DED's Office of International Marketing works to make companies aware of international opportunities and help them secure new business. For more information on the services available, please call (573) 751-4855 or 1-888-690-4855, by



THIS APPLICATION MUST BE SENT TO THE DEPARTMENT OF ECONOMIC DEVELOPMENT BEFORE THE END OF THE TAX PERIOD IMMEDIATELY AFTER THE TAX PERIOD FOR WHICH TAX CREDITS ARE BEING CLAIMED TO EARN TAX CREDITS. ONLY TAXPAYERS WHO HAVE INCURRED "QUALIFIED RESEARCH EXPENSES" FOR AT LEAST FOUR FULL CONSECUTIVE TAX PERIODS ARE ELIGIBLE FOR TAX CREDITS.

NAME OF BUSINESS	BUSINESS FEDERAL I.D. NO.
STREET ADDRESS OF BUSINESS	MISSOURI TAX IDENTIFICATION NO.
CITY/STATE/ZIP	NAICS CODE

IF PARENT COMPANY IS LOCATED OUT OF MISSOURI, COMPLETE PART 1 ON PAGE 2

NAME OF PERSON COMPLETING APPLICATION		TELEPHONE NO. ()
COUNTY BUSINESS IS LOCATED IN	STATE LEGISLATIVE DISTRICTS SENATE: HOUSE:	

ADDRESS OF PERSON COMPLETING APPLICATION

BUSINESS ENTITY
☐ CORPORATION ☐ INDIVIDUAL PROPRIETOR ☐ PARTNERSHIP ☐ S-CORPORATION

NOTE: IF THE TAXPAYER IS AN INDIVIDUAL PROPRIETORSHIP, PARTNERSHIP OR S-CORPORATION, ATTACH SEPARATE SHEET TO THIS APPLICATION AND IDENTIFY THE NAME, SOCIAL SECURITY NUMBER AND PROPORTIONED SHARE OF OWNERSHIP OF EACH PARTNER OR SHAREHOLDER AS OF THE LAST DAY OF THE TAX PERIOD. AGGREGATE PROPORTIONATE SHARES OR PERCENT OF TOTAL OWNERSHIP MAY NOT EXCEED 100%.

IMPORTANT - READ DEFINITIONS ON REVERSE SIDE BEFORE COMPLETING NEXT SECTION

	COLUMN A	COLUMN B	COLUMN C	COLUMN D
Attach U.S. Form 6765 for each of the four tax periods entered in Columns A, B, C & D	TAX YEAR ENDING	TAX YEAR ENDING	TAX YEAR ENDING	TAX YEAR ENDING

IN-HOUSE RESEARCH EXPENSES (Complete Sections A and B on page 2)

(1) Wages paid to employees for "qualified services":	\$	\$	\$	\$
(2) Amount paid for "supplies": (Complete Section C on page 2)	\$	\$	\$	\$
(3) Computer fees paid in the conduct of performing "qualified research":	\$	\$	\$	\$
(4) Total In-house Expenses: ADD LINES 1, 2 AND 3 AND OTHER ON LINE 4.	\$	\$	\$	\$

CONTRACT RESEARCH EXPENSES (Complete Section D on page 2)

(5) Amount paid to non-employees for "qualified research":	\$	\$	\$	\$
(6) ENTER 65% OF LINE 5 ON LINE 6.	\$	\$	\$	\$
(7) Total In-House and Contract Research Expenses: ADD LINES 4 AND 6 AND ENTER ON LINE 7.	\$	\$	\$	\$

(8) DIVIDE THE SUM OF LINE 7 OF COLUMNS (B), (C), AND (D) BY 3 AND ENTER ON LINE 8.	\$	(8)
(9) SUBTRACT LINE 8 FROM LINE 7 OF COLUMN (A) AND ENTER THE DIFFERENCE ON LINE 9. IF LINE 8 IS GREATER THAN LINE 7 OF COLUMN (A), ENTER ZERO ON LINE 9.	\$	(9)
(10) MULTIPLY LINE 8 BY 2.00 AND ENTER ON LINE 10.	\$	(10)
(11) ENTER THE LESSER OF LINE 9 OR LINE 10 ON LINE 11.	\$	(11)
(12) MULTIPLY .065 TIMES LINE 11. This is the maximum amount of your credit.*	\$	(12)

PART I: ENTER ADDRESS OF MISSOURI FACILITY WHERE QUALIFIED RESEARCH WAS CONDUCTED

STREET ADDRESS

CITY/ZIP CODE

TELEPHONE NUMBER

()

PART II: DESCRIPTION OF QUALIFIED RESEARCH**SECTION A:**

PLEASE DESCRIBE THE NATURE OF THE BUSINESS APPLYING FOR TAX CREDITS: (Attach separate sheets if needed.)

SECTION B:

PLEASE DESCRIBE WHAT TYPE OF "IN-HOUSE QUALIFIED RESEARCH" WAS CONDUCTED: (Attach separate sheets if needed.)

SECTION C:

PLEASE DESCRIBE WHAT TYPE OF "SUPPLIES" WERE PAID FOR: (Attach separate sheets if needed.)

SECTION D:

PLEASE SUPPLY INFORMATION REGARDING CONTRACT RESEARCH EXPENSES: (Attach separate sheets if needed.)

NAME OF CONTRACTOR:

ADDRESS:

CITY/STATE/ZIP:

PLEASE DESCRIBE RESEARCH CONDUCTED:

Under penalties of perjury, I declare that I have examined this application, including any attachments thereto, and to the best of my knowledge and belief, they are true, correct, and complete.

TAXPAYER'S SIGNATURE

DATE

PREPARER'S SIGNATURE

DATE

MAIL ALL CLAIMS FOR TAX CREDITS AND ALL RELATED INQUIRIES TO:

OFFICE OF BUSINESS FINANCE
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF MISSOURI
P.O. BOX 118
JEFFERSON CITY, MISSOURI 65102

IMPORTANT - READ INSTRUCTIONS AND DEFINITIONS CAREFULLY

COLUMN A - ENTER the amount of "qualified research expenses" incurred during the tax year for which the tax credits are being claimed.

COLUMN B - ENTER the amount of "qualified research expenses" incurred during the tax year immediately prior to the tax year listed under Column A.

COLUMN C - ENTER the amount of "qualified research expenses" incurred during the tax year immediately prior to the tax year listed under Column B.

COLUMN D - ENTER the amount of "qualified research expenses" incurred during the tax year immediately prior to the tax year listed under Column C.

"QUALIFIED RESEARCH EXPENSES" MEAN:

The amount of business-related "in-house research expenses" or "contract research expenses" incurred by a taxpayer during a tax year.

"IN-HOUSE RESEARCH EXPENSES" includes wages paid to employees performing "qualified services," "supplies" used to perform such qualified research, and costs incurred for computer services. A taxpayer shall be deemed to have incurred business-related in-house research expenses if, at the time such expenses are incurred, the principal purpose for conducting such research is to use the findings to further develop or advance the business.

"QUALIFIED SERVICES" means performing "qualified research" or providing direct supervision or direct support of research activities which constitute qualified research.

"SUPPLIES" means any tangible property except land or improvements to land and property for which, depreciation can be claimed.

"CONTRACT RESEARCH EXPENSES" means 65% of the amount incurred by the taxpayer for "qualified research" performed by any person other than an employee of the taxpayer.

"QUALIFIED RESEARCH" means (1) research which is undertaken for the purpose of discovering information which is technological in nature, the application of which will be useful in the further development or advancement of the business and (2) experimental research to a new or improved function, performance, reliability or quality. Qualified research includes those expenditures that may be treated as expenses under Section 174 of Title 26 of the U.S Internal Revenue Code. For further information, see Title 26, Section 41 of the U.S. Internal Revenue Code.

"Qualified research" does not include research that (1) relates to style, taste, cosmetic, or seasonal designed factors; (2) research conducted after the beginning of commercial production of the business' product/process; (3) research related to the adaptation of an existing business' product/process to a particular customer's requirement or need; (4) research related to the reproduction of an existing business' product/process from a physical examination, plans, blueprints, detailed specifications or publicly available information with respect to such business' product/process; (5) surveys, studies or computer software; (6) any research conducted outside the United States; (7) any research in the social sciences, arts, or humanities; or (8) any research to the extent funded by any other grant, contract, or otherwise by another person (or governmental entity). See attachment.

Taxpayers may be required to submit documentation and/or provide verification of any part of "qualified research expenses" claimed.

*Pursuant to Section 620.1039.2, RSMo Supp. 1999, as amended by SB894 (2000), a taxpayer may be authorized a tax credit in an amount up to 6.5% of the excess of the qualified research expense as certified by the Department of Economic Development.